



# LETTER AGREEMENT NO. 03-29-PGE



PACIFIC GAS AND ELECTRIC COMPANY  
INDUSTRIAL RELATIONS DEPARTMENT  
2850 SHADELANDS DRIVE, SUITE 100  
WALNUT CREEK, CALIFORNIA 94598  
(925) 974-4104

INTERNATIONAL BROTHERHOOD OF  
ELECTRICAL WORKERS, AFL-CIO  
LOCAL UNION 1245, I.B.E.W.  
P.O. BOX 2547  
VACAVILLE, CALIFORNIA 95696  
(707) 452-2700

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STEPHEN A. RAYBURN,  
DIRECTOR AND CHIEF NEGOTIATOR

PERRY ZIMMERMAN,  
BUSINESS MANAGER

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September 26, 2003

Local Union No. 1245  
International Brotherhood of  
Electrical Workers, AFL-CIO  
P.O. Box 2547  
Vacaville, CA 95696

Attention: Mr. Perry Zimmerman, Business Manager

Gentlemen:

On March 28, 2003, the parties reached a table settlement for clerical employees and on August 25, 2003 for physical employees. One of the provisions of the table settlements is to implement plan design changes to the Medicare Supplemental Plan (MSP) and the Retiree Optional Plan (ROP) upon agreement between Company and Union. These changes are to take effect on January 1, 2004.

Based on discussions between Company and Union, Company proposes that the following design changes for the MSP and ROP apply to clerical and physical retirees effective January 1, 2004.

The proposed changes for the MSP are as follows:

- Waive adding prior years' (1999-2003) prescription drug amounts to the current lifetime maximum.
- Increase the lifetime maximum from \$7,500 to \$10,000 for medical benefits.
- Eliminate the provision that allows the entire lifetime maximum to be restored with evidence of good health.
- Eliminate the special accident provision and the carry forward provision.
- Decouple the prescription drug plan from the medical plan so that it has a separate benefit structure.
- Implement the following prescription drug plan:

Annual Deductible	\$100 per person
Lifetime Maximum	\$10,000 per person
Retail Drug Purchases	75%
Home Delivery Drug Purchases	80%
Mandatory Generic Provision*	Yes
Annual Restoral	\$1,000

\* Member is responsible for paying the difference between the price of a generic prescription drug and a brand prescription drug plus coinsurance if purchasing a brand name drug when a generic version is available. Drugs that are listed on Medco's "Narrow Therapeutic List" will be excluded from mandatory generic version.

The proposed changes for the ROP are as follows:

- Decrease the annual deductible from \$500 to \$400 per person up to a family maximum of \$1,200.
- Decrease the out-of-pocket maximum from \$5,000 to \$4,000 up to a family maximum of \$8,000.

The Company and Union will conduct an annual review of the MSP and ROP and may agree to other changes to be incorporated for the next open enrollment process.

If you are in accord with the foregoing and agree thereto, please so indicate in the space provided below and return one executed copy of this letter to the Company.

Yours very truly,

PACIFIC GAS AND ELECTRIC COMPANY

By: Stephen A. Rayburn  
Stephen A. Rayburn  
Director and Chief Negotiator

The Union is in accord with the foregoing and it agrees thereto as of the date hereof.

LOCAL UNION NO. 1245, INTERNATIONAL BROTHERHOOD  
OF ELECTRICAL WORKERS, AFL-CIO

Oct 30, 2003

By: Perry Zimmerman  
Perry Zimmerman  
Business Manager